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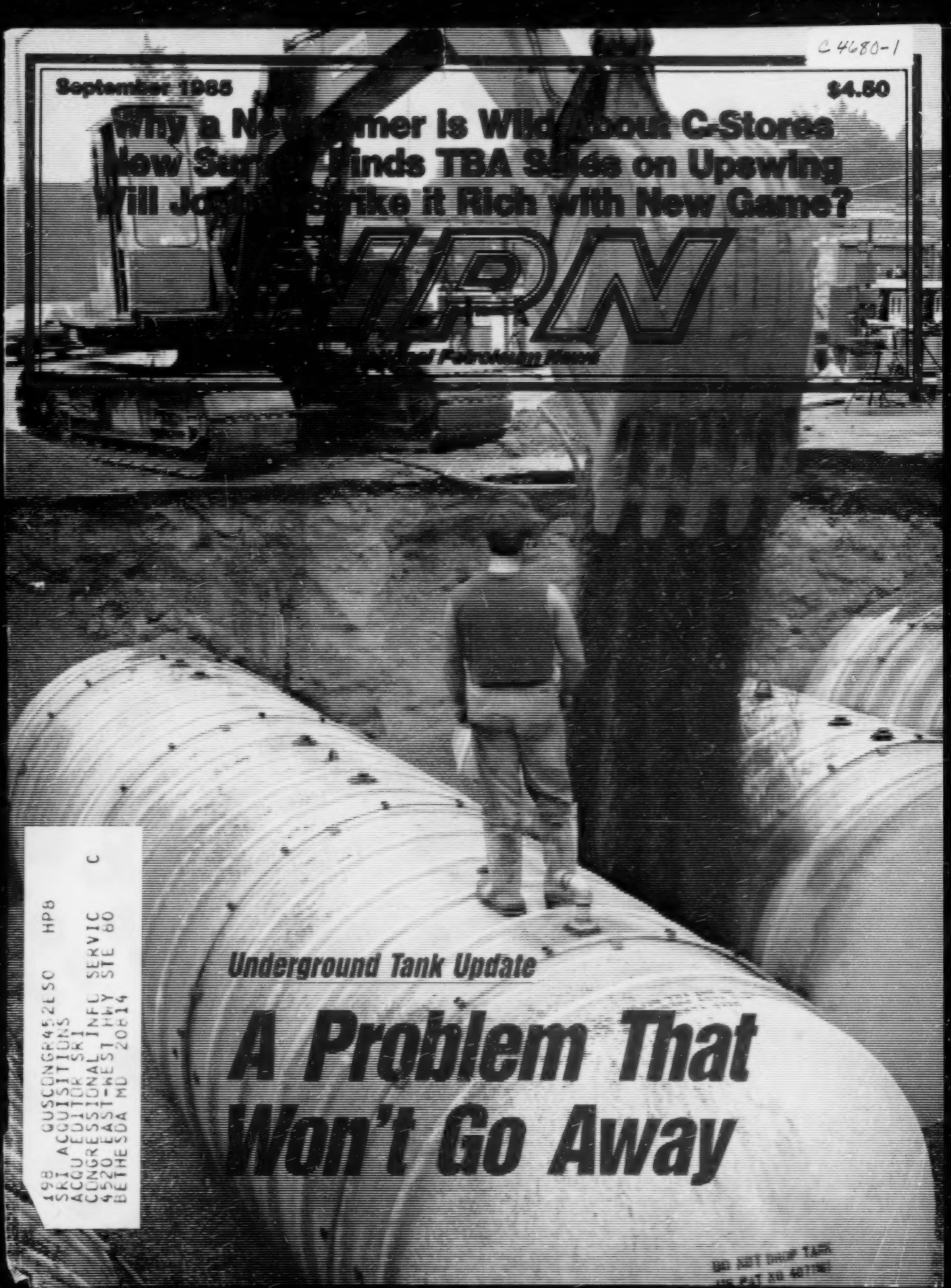
Why a N[illegible]mer Is Wild About C-Stores

New Sur[illegible] Finds TBA Sales on Upswing

Will Jo[illegible] Strike it Rich with New Game?

NRN

National Petroleum News



Underground Tank Update

A Problem That Won't Go Away

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NATIONAL PETROLEUM NEWS

SEPTEMBER 1985 VOL. 77 NO. 9

24 Regional News

24 West
Arco begins transfer fee to tap 'blue sky' windfalls

26 South
Fire code change would boost unattended outlets

27 East Coast
Arabs ready for retail, 'will not be price discounters'

28 Midwest
Detroit stations charged with remote-control cheating

31 General News

31 Cover Report
Underground tank update: A problem that won't go away

35 Sluggish OPEC riles Saudi Arabia

36 Restructuring costs reflected in first-half earnings

36 Octanes rise as suppliers search for 'edge'

39 Texas marketers expand anti-'Big Oil' campaign

40 Arco restructuring leads to promotions

40 Southland/Citgo posts record sales, earnings

40 OPEC crude price to bottom-out in 1987?

44 Features

44 Convenience Stores
Newcomer Arnold speeds ahead with 'Cadillac' C-store

49 TBA/Aftermarket
Service Job Analysis shows station TBA/repair revival

54 Promotion
Arkansas jobber gambles on 'slots,' hits volume jackpot

56 Book Review
With world, U.S. oil in turmoil, Arco chief explains it all

69 Legal—Sam Borenkind
New rules come to prevent LUST

70 Tax—Irving Blackman
Make up now for low-paid early years

Departments

73 About Oil People
74 About Oil People Notes
15 Ahead of the News
60 C-Store Briefs
19 Catching Up
81 Classified
12 Coming Meetings
62 Fuel Oil Briefs
16 Late News
8 Letters & Comment
5 Looking Things Over
20 Trends/Marketplace

An equipment item that was pretty much buried and forgotten, underground storage tanks threaten to become the biggest equipment headache marketers have ever faced. **Page 31**

performed by traditional aftermarket	Service stations		
	Jobs	%	Jobs
139,316	68,591	49.2	34,301
1,553	529	34.1	785
2,356	997	42.3	1,003
42,313	15,962	37.7	17,383
21,456	8,008	37.3	9,018
58,422	19,949	34.1	25,902
22,310	112,680	35.0	144,814
7,098	14,447	53.3	8,796
2,419	1,008	41.7	
,604	6,747		
460			

After more than a decade of declining market share, TBA sales and automotive service work performed by service stations are showing a remarkable resurgence. **Page 49**

Retail gasoline marketing, to Arkansas private-brander Bill Copeland, is a fun game that needs a little something new now and then to make it even more exciting. He thinks he has come up with a hot sales promotion gimmick to fill this need —pump-top 'slot machines.' **Page 54**

• TRENDS

DOE-Sponsored Study Says High-Methanol Blends Bring Cost Savings, Octane Boost

At a time when the federal lead phasedown is putting a high premium on octanes, a new report by the Department of Energy indicates that perhaps the easiest and most economical way to increase octanes is by using more methanol than is now considered "normal" in methanol-blend gasolines.

This is not immediately possible, however, because some conditions must first be met, such as the manufacture of higher-compression engines. Moreover, volatility of the tested methanol blends is so high that vapor lock appears inescapable without development of preventative techniques.

Still, the economics and properties of methanol appear to favor greater use of higher-percentage blends over the longer term.

The study was done for DOE by Southwest Research Institute, San Antonio, Texas, and its publication does not necessarily imply government endorsement.

The study does not deal with the methanol blends already permitted under Environmental Protection Agency waivers. Such blends use less than 10% methanol and usually some corrosion inhibitors and cosolvents to resist water separation.

These blends are controversial because some automobile manufacturers and oil companies believe they will damage vehicles not specifically designed for them. Two of the most familiar blends are Arco's Oxinol and United American Fuels' Petrocoal. Their use in the United States is growing.

Neither does the study deal with blends containing 85%-90% methanol, such as is in use in California in a state experimental program.

Rather, the study deals with blends in the range 15% to 90% in the belief there could be economic benefits or that they might be useful for special applications.

Here are some conclusion highlights:

—The blend providing the least cost-per-mile traveled would contain at least 50% methanol and probably less than 80% methanol. Realization of the savings would require a high-compression-ratio engine. The fuel's cost would be about 12% lower than the cost of fuel production for regular gasoline or for using straight methanol in a high-compression-ratio engine.

—Significant savings could be achieved for automobile engines with compression ratios of about 10:1 or 11:1. These are not being used in current models, but were produced until the early 1970s and require premium gasoline. For a 15¢ gal. price differential between regular and premium gasoline, there is a 20% potential savings based on equal energy content. The savings would be achieved by using a blend containing 50% methanol and 50% inexpensive refinery blendstocks.

—For typical current-model automobile engines with compression ratios about 8:1 or 8.5:1 and correctly timed, the use of intermediate-methanol-content blends would provide minor savings. The use of methanol allows a lower fuel cost per gallon, but the cost reduction is nearly matched by the reduced energy content of the methanol blend. Potential savings from using the lower-cost blend components are between 1% and 2% for the 30% and 50% blends.

—Since methanol burns at a lower temperature than hydrocarbon fuels and requires less spark advance, it may be possible to improve fuel economy by varying the timing, and still not exceed nitrogen oxide emissions limits. Decreasing the spark advance by five degrees could improve fuel economy about 3%, and, when combined with the fuel cost savings noted above, an overall 4% to 5% potential savings would be possible.

—The blends containing 50% methanol require only four components and could be produced in a relatively simple refinery. Gasoline could be made without using a reformer or an alkylation unit, and only a small catalytic cracking unit would be required. A refinery designed for high-methanol-content gasoline blends could be simpler and less expensive than refineries designed for straight hydrocarbon gasolines.

The study, "Properties and Economics of Methanol-Gasoline Blends with High Methanol Content," document number DOE/CE/50038-1, was prepared under DOE's "Alternative Fuels Utilization Program."

—Mark Emond

• MARKETPLACE AT A GLANCE

AVERAGE GASOLINE PRICES IN THE U.S. (¢ per gal.)

JUNE	Gasoline (All types)	Leaded Regular	Unleaded Regular	Unleaded Premium
U.S. City Avg.	$1.233	$1.153	$1.241	$1.371
Regions:				
Northeast	1.229	1.143	1.220	1.350
North Central	1.242	1.174	1.263	1.394
South	1.212	1.126	1.215	1.360
West	1.257	1.170	1.270	1.409

Source: U.S. Dept. of Labor, Bureau of Labor Statistics.

STOCKS (Add 000 bbl.)

	8/2/85	8/3/84
Gasoline	228,860	236,440
Gasoline (Unleaded)*	113,660	106,741
Jet Kerosine	36,327	35,131
Distillates	117,328	125,524
Residual	41,373	50,169

**Included in gasoline total.*
Source: American Petroleum Institute.

Search for New 'Edge' Drives Octane Increases For Leaded, Unleaded

The octane values of leaded and unleaded gasoline rose significantly last winter—tacit recognition in their own way of supplier responsiveness to marketplace pressures for higher-quality motor fuels and competitive "edges" to impress customers.

The latest study by the National Institute for Petroleum and Energy Research, Bartlesville, Okla., says the octane numbers went up three-tenths of a point for both premium-grade unleaded and regular-grade leaded gasolines. Regular-grade unleaded gasolines rose one-tenth of a point.

Are 1960s-style octanes coming back as suppliers deal with lead phasedown and high-powered competition?

The study updated the current series through the winter of 1984-85. The institute and its predecessor organizations have been making similar semi-annual studies for the American Petroleum Institute for the past 10 years.

Here are the principle findings compared with the winter of 1983-84:

Gasoline grades	Winter '83-'84	Winter '84-'85
Unleaded 90.0 and above		
Research	96.1	96.4
Motor	86.6	86.8
R+M/2*	91.3	91.6
Unleaded below 90.0		
Research	91.7	91.8
Motor	82.9	82.9
R+M/2*	87.3	87.4
Leaded below 93.0		
Research	92.7	92.8
Motor	84.9	85.2
R+M/2*	88.8	89.1

* Research plus motor method divided by two—the government method for figuring octane values. NN

Earnings Reflect Restructuring, Few Majors Report First-Half Profits

The high cost of restructuring stands out in bold relief in the second-quarter and first-half earnings reports of at least three oil companies.

Atlantic Richfield and Diamond Shamrock sustained losses of $1.9-billion in the second quarter as a result of their ongoing restructuring moves.

Phillips Petroleum, while it made a profit in the second quarter, implied it could have made perhaps $100-million more if it hadn't been for the high cost of the restructuring forced by the defeated takeover moves of T. Boone Pickens and New York financier Carl Icahn.

Unocal Corp., which fought T. Boone Pickens to a draw in another acquisition attempt, said its second-quarter earnings were down 35%, mostly as a result of the $60-million it spent to preserve its independence. It earned $120-million in the second quarter this year versus $181-million in 1984.

In addition, Exxon reduced its second quarter earnings by $500-million to set up a contingency fund in the wake of a court ruling that it had overcharged its customers more than $2-billion.

In the aggregate, that's close to $3-billion worth of earnings that were written off in second-quarter 1985.

Among the marketing companies that had profitable second quarters were Mobil, Texaco, Amoco, Sun, Amerada Hess, Ashland and Kerr-McGee. Southland, basically a C-store chain but nevertheless one of the biggest independent vendors of gasoline in the land, also had a good second quarter.

Only a handful rang up first-half profits, however. Mobil was up a thin 2%, Ashland a whopping 47% and Southland 24%. Ashland's earnings, however, are for nine months—its fiscal year ends on Sept. 30. The rest generally had minus signs next to their first-half figures.

Arco, which is in the process of withdrawing from the East Coast, said it took a $1.5-billion writeoff in the second quarter to cover discontinued operations and anticipated losses. This resulted in a posted loss of $1.1-billion in the second quarter and $747-million for the first half versus what probably would have been net earnings of $400-million in the quarter and $800-million in the half.

Diamond Shamrock took an $810-million writedown on its assets in its restructuring moves, thus giving it a second-quarter loss of $764-million and a first-half loss of $705-million.

Phillips, hit twice by takeover raiders, said the interest alone on its new $4.5-billion indebtedness amounted to $129-million in the second quarter—money that might otherwise have gone into the earnings column.

Exxon is appealing the $2-billion court decision, but at the same time, it is preparing for the possibility that it may lose, hence the establishment of the contingency fund and the $545-million charge against second-quarter earnings. In all probability, Exxon's second-half earnings also will be tapped for pro rata contributions to the fund. NN

Company	2nd Qtr. 1985	2nd Qtr. 1984	% Chng.	1st Half 1985	1st Half 1984	% Chng.
Exxon	$745.0	$1,350.0	(44.8)	$2,070.0	$2,825.0	(26.7)
Mobil	411.0	366.0	12.3	731.0	746.0	2.0
Texaco	305.0	302.0	1.0	625.0	623.0	—
Chevron	347.0	380.0	(8.7)	701.0	758.0	(7.5)
Amoco	600.0	524.0	14.5	1,070.0	1,120.0	(4.5)
Shell	337.0	418.0	(19.4)	663.0	743.0	(10.8)
Arco	(1,099.0)	406.0	—	(747.0)	801.0	—
Tenneco	164.0	220.0	(25.5)	227.0	375.0	(39.5)
Sohio	390.0	458.0	(14.8)	733.0	839.0	(12.6)
Phillips	110.0	231.0	(52.4)	216.0	424.0	(49.1)
Sun	146.0	137.0	6.7	273.0	280.0	(2.5)
Unocal	120.4	185.7	(35.2)	301.0	365.8	(17.7)
Amer. Hess	31.8	45.4	30.0	89.0	133.8	(48.4)
Dia. Sham.	(764.0)	64.3	—	(705.0)	123.8	—
Ashland	60.3	36.2	66.6	100.4	68.4	46.8
Kerr-McGee	40.6	38.0	6.8	60.1	78.3	(23.2)
Pennzoil	52.6	51.6	2.0	110.0	120.8	(8.9)
Murphy	23.8	23.6	—	44.0	49.9	(11.8)
Amer. Petrofina	12.9	15.7	(17.8)	10.2	26.0	(60.8)
Southland	88.7	58.5	51.6	89.7	72.5	23.7

(a) Reflects setting up of $545-million contingency fund in overcharge suit.
(b) Reflects $1.5-billion charge for discontinued operations.
(c) Third quarter and nine months, fiscal ends 9/30.

Exclusive Service Job Analysis Shows Station TBA/Repair Revival

After more than a decade of declining market share, TBA sales and automotive service work performed by U.S. service stations are showing a remarkable resurgence.

Battered by successive shock waves in the 1970s and early 1980s—including product shortages, controls, outlet closings and conversions, along with some brutal competition from chain repair outlets and mass merchandisers—conventional retailers apparently are on a roll again in terms of their lucrative TBA and car repair business.

Several of the major oil companies still involved in serious TBA marketing are also seeing more activity in TBA sales. This trend is documented dramatically in Hunter Publishing Company's just-released Service Job Analysis. The SJA is the seventh in a series of triennial studies of the "traditional aftermarket" conducted by Hunter (publisher of *NPN*). As defined in the study, the traditional service market includes service stations with bays, independent repair shops, new car/truck dealer service shops and self-service truck fleet shops.

Data for the SJA was compiled during 1984 and reflects service business done during the year. Information was gathered through Hunter's Micromarket Research Panel composed of about 5,000 members representing all segments of the traditional aftermarket. Panel members were selected to fit the demographic characteristics of each of these markets. Dealers were sampled on a rotating basis over a 12-month period to account for seasonal variations in types of service.

The newest study compiled data on over 350 different service jobs, plus parts, chemicals and accessories sold domestically by approximately 329,000 traditional service outlets. The outlet population in each of these segments is shown in the pie chart on the next page. The SJA does not report on the service business of discount stores, home and auto chains and other non-traditional service outlets.

For service stations, figures from the 1984 SJA are almost uniformly encouraging. Despite the fact that total outlets doing service work continue to shrink (down to 115,000 in 1984 from 120,000 in 1981), share of market, total dollar sales, average per station sales, as well sales volume in many individual job categories are up from the previous SJA reporting period in 1981. Some highlights:

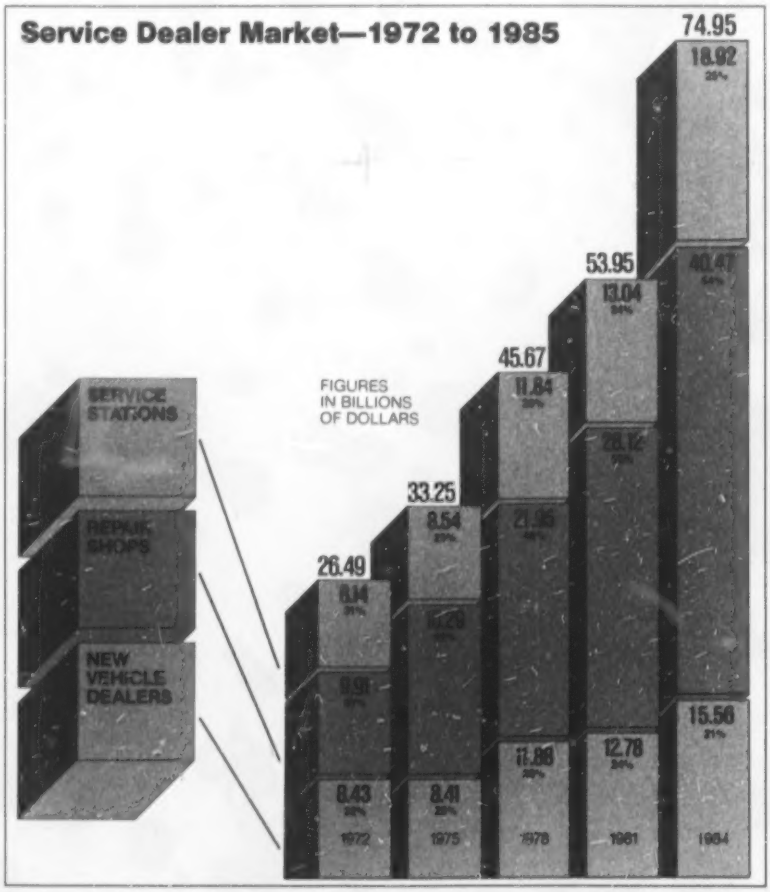
- Total dollar sales of parts, TBA and labor for service stations reached $18.9-billion in 1984, an increase of 45.1% in three years. This percentage increase was the best among all traditional aftermarket segments.
- In 1984, service station share of the traditional market moved up past the 25% mark, the best showing since 1978. The bar chart shows the share-of-market profile over the past five SJA reporting periods for the various market segments.
- The combined dollar volume (parts and labor at retail) for the traditional service dealer market soared to $74.95-billion in 1984, an increase of 39% over 1981.
- Average annual TBA/parts and labor dollar volume per station increased from $108,700 in 1981 to $164,500 in 1984, a surge of 51%—again, the highest percentage growth rate among traditional outlets. Also, the percentage of stations doing over $150,000 in service business rose from 21.7% in 1981 to 38.8% in 1984. Average station service dollar volume has increased 400% since 1972.

On the Way up

Some impressive increases, along with a few soft spots, are detailed in the 1984 SJA for individual service job categories. This data contradicts the conventional wisdom that traditional stations are fading fast in important service areas.

The table on the next page offers a selection of representative service categories from the 1984 SJA. The first column shows the total jobs performed in 1984 by all segments of the traditional aftermarket. Successive columns show number of jobs by market segment, and the percentage of the total done by each segment.

The table shows that service stations did a big chunk of the business in just about every category listed, in some cases



By Don Smith
Senior Editor

the lion's share. For example, service stations have the highest share-of-market for lube jobs, batteries, new and rebuilt alternators, and mufflers and tailpipes among the categories shown. They also did a hefty portion of most other jobs listed in the table.

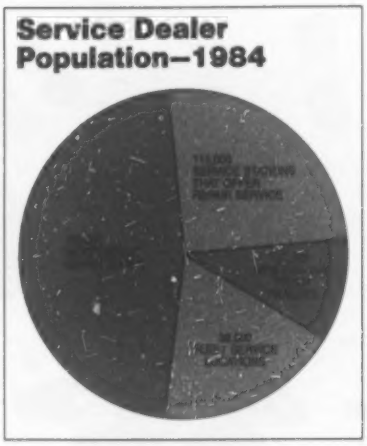
However, it's in comparing 1984 and 1981 data that the startling comeback of TBA and service sales becomes evident.

Dealers scored big in battery sales in 1984, installing 14.5-million units for a 53.3% share of the traditional market. This is an increase of almost 4-million units since 1981. Service stations even sold more tires in 1984—26.1-million versus 19.4-million in 1981.

In 1981, stations installed 1.5-million new fuel pumps for 33.8% share of the traditional market. In 1984, stations sold 2.4-million fuel pumps and increased their market share to 42.2%, best on the traditional side. Fuel filter replacements went from 13.5-million and 32.2% share in 1981 to 15.9-million and 37.7% share in 1984.

Dealers did not increase their market share on tune-ups in the three-year period, but jobs performed rose from 15.7-million to 19.9-million. Spark plug sales increased from 95-million to 112.7-million. Replacements of electronic ignition control units almost doubled in the three-year period to 1.9-million. Stations now do about 42% of those jobs.

It's a truism that service stations are



blowing away their exhaust business to the chain outlets. However, in 1984 dealers installed almost 1-million more mufflers, 1-million more tailpipes and 400,000 more exhaust pipes than in 1981.

Catalytic converters are beginning to phase into the aftermarket as a replacement item, with 240,000 units installed in 1984 versus only 100,000 in 1981.

As expected, wheels balanced on static-dynamic units are down, but the number performed on the newer computerized balancers has zoomed from 11.6-million in 1981 to 19.9-million in 1984. Stations do 51.5% of these jobs.

Stations are also attracting more alignment business, with 5.2-million front end alignments reported in 1984 (23.5% share) compared to 4.1-million in 1981 (18.6% share). Big-ticket strut replacements are starting to move too, with cartridge replacements tripling to almost 1-million units and strut assemblies increasing nine times to over 500,000.

There's also been a mini-boom in brake work at service stations. Rebuilt master cylinder replacements more than doubled to 1.9-million units in 1984. Brake drums turned or ground went from 6.2-million in 1981 to 9.2-million in 1984. In-shop rotor resurfacing soared from 5.4-million to 9.8-million in 1984.

This growing service activity is confirmed in another Hunter Publishing study conducted in 1984 on service station tool and equipment purchasing. That study revealed that the value of service shop equipment in the average station increased 400% from 1978 to 1984—from $10,723 to $40,731.

On the other hand, the statistical profile for service stations portrayed in the 1984 SJA isn't entirely rosy, especially in such old standby service activities as lubrication, oil changes and motor oil sold.

In 1984, stations did 68.6-million lube jobs (on cars), compared to 63.8-million in 1981. However, their market share declined from 53.4% in 1981 to 49.2% in 1984. Undoubtedly, much of the former lube business is being siphoned off by the quick lube specialists.

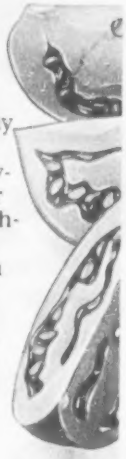
The number of oil changes in service

Jobs Performed by Type of Service Outlet—1984

(add 000)

Job Description	Total jobs performed by traditional aftermarket	Service stations		Repair shops		New car/truck dealers		Self-serviced fleets	
		Jobs	%	Jobs	%	Jobs	%	Jobs	%
Lube jobs (car)	139,316	68,591	49.2	34,301	24.6	28,072	20.1	8,352	6.0
Carburetors installed (new)	1,583	529	34.1	785	50.5	134	8.6	105	6.8
Carburetors installed (rebuilt)	2,356	997	42.3	1,003	42.6	153	6.5	203	8.6
Fuel filters replaced	42,313	15,962	37.7	17,363	41.1	8,220	19.4	748	1.8
PCV valves installed	21,456	8,008	37.3	9,018	42.0	3,713	17.3	717	3.3
Engine tune-ups (car)	58,422	19,949	34.1	25,902	44.3	11,162	19.1	1,409	2.4
Spark plugs (new)	322,310	112,680	35.0	144,814	44.9	56,147	17.4	8,669	2.7
Batteries sold	27,030	14,447	53.3	8,736	32.5	2,266	8.4	1,589	5.9
Alternators installed (new)	2,419	1,008	41.7	896	37.0	362	15.0	153	6.3
Alternators installed (rebuilt)	13,604	6,747	49.6	5,311	39.0	884	6.5	662	4.9
Electronic ignition control units replaced	4,480	1,869	41.9	1,922	43.1	498	11.2	171	3.8
V-belts installed	52,987	24,503	47.0	19,683	37.8	5,660	10.8	2,251	4.3
Mufflers replaced (car)	13,793	5,917	42.9	5,704	41.4	1,948	14.1	224	1.6
Tailpipes replaced	12,520	5,446	43.5	5,218	41.7	1,391	11.1	465	3.7
Shock absorbers replaced	25,509	10,270	40.3	12,212	47.9	2,151	8.4	876	3.4
MacPherson struts installed	4,064	948	23.3	2,415	59.4	626	15.4	75	1.8
Drum brake shoes	24,937	9,695	39.0	11,606	46.7	3,135	12.6	409	1.6
Disc brake pad sets replaced (no. wheels)	31,360	11,855	37.8	14,494	46.2	4,567	14.6	444	1.4

A defense against cancer can be cooked up in your kitchen.



There is evidence that diet and cancer are related. Some foods may promote cancer, while others may protect you from it.

Foods related to lowering the risk of cancer of the larynx and esophagus all have high amounts of carotene, a form of Vitamin A which is in cantaloupes, peaches, broccoli, spinach, all dark green leafy vegetables, sweet potatoes, carrots, pumpkin, winter squash, and tomatoes, citrus fruits and brussels sprouts.

Foods that may help reduce the risk of gastrointestinal and respiratory tract cancer are cabbage, broccoli, brussels sprouts, kohlrabi, cauliflower.

Fruits, vegetables and whole-grain cereals such as oatmeal, bran and wheat may help lower the risk of colorectal cancer.

Foods high in fats, salt- or nitrite-cured foods such as ham, and fish and types of sausages smoked by traditional methods should be eaten in moderation.

Be moderate in consumption of alcohol also.

A good rule of thumb is cut down on fat and don't be fat. Weight reduction may lower cancer risk. Our 12-year study of nearly a million Americans uncovered high cancer risks particularly among people 40% or more overweight.

Now, more than ever, we know you can cook up your own defense against cancer. So eat healthy and be healthy.

No one faces cancer alone.

AMERICAN CANCER SOCIETY®

stations rose modestly from 68.1-million in 1981 to 71.9-million in 1984. But, again, market share was down from 54.2% to 48.6%. Extended oil change intervals recommended by car manufacturers, along with more do-it-yourself activity, helps explain the relative flatness in this category of service.

Service stations are hurting in motor oil sales. In 1981, dealers sold 574.4-million quarts of oil. In 1984, they sold only 417.9-million quarts, a decline of 25%.

In recent years, there has been a massive shift in motor oil sales away from conventional stations to the non-traditional side of the market—mass merchandisers, chain outlets, etc. At one time, in the early 1970s, service stations handled 70% of motor oil throughout. Now, that share of market is estimated to be about 20%. (Stations, however, still have 50% of the oil sales in the traditional aftermarket).

Many dealers claim they have been priced out of the motor oil market, that they have to pay higher wholesale prices for branded product than their discount house competitors charge for the same brand at retail. The Service Station Dealers of America, charging unfair competition on the part of some major oil companies, has asked the Federal Trade Commission to look into the situation.

At least one company—Exxon—now offers to sell its dealers oil on similar terms as those for discount stores if they purchase in similar quantities.

Per Station Sales Up

The Hunter Service Job Analysis also features a separate breakout on the average number of jobs performed annually by outlets in each market segment, plus the percentage of outlets that perform specific jobs.

A sampling of key jobs tracked in the SJA points to the same growth pattern shown in other SJA data.

In 1981, for example, the average service station that performed tune-ups (88% of stations did this work) tuned 186 vehicles. In 1984, the SJA reports that 90% of stations performed tune-ups and did an average of 192 such jobs.

In 1981, the typical station installed 95 batteries (94% handled batteries). In 1984, the average station (97% performing) sold 130 batteries.

Auto tire sales per station rose from 187 in 1981 to 252 per outlet in 1984. The percentage of stations using computerized wheel balancers in 1984 more than doubled—to 33.7%—over 1981 (15.5%).

Looking at it from another angle, these figures indicate that more than 20,000 conventional service stations made capital investments of several thousand dollars each in computerized alignment equipment in the 1981-84 time frame.

Oil Companies Too

This portrait of a general upswing in TBA and auto service activity is buttressed by reports from oil companies still active in this segment of the market.

"TBA sales are doing real well, for both the company and its dealers," according to a Shell TBA spokesman. Shell's new telemarketing program, following a "successful" test, is now on-stream and servicing its 5,100 dealers and 500 jobbers. Working with an outside contractor, Shell is using the program to push its new line of batteries, tires, filters, motor oil, additives, carburetor and choke cleaner, lubricants and brake fluid.

Recognized as the pioneer of the auto care image concept, Shell has been streamlining its TBA program by culling its product line and turning deliveries over to suppliers. Other steps on a market-by-market basis include the use of computers to schedule deliveries and bill customers.

Shell also is pumping new life into its Auto Care program with a "Service Bucks" promotion for Auto Care dealers. Under the program, each purchase of eight gallons of gasoline at an Auto Care outlet entitles the customer to a Service Buck worth one dollar off service labor charges. John Haines, manager—advertising and sales promotion, says, "Not only should this build bay business, it should keep customers coming back to the station for gasoline, since they know they can get a Service Buck."

Shell officials point out that its streamlined approach to TBA marketing has turned that business from a net money loser into one that now covers more than 16% of the company's overall marketing manpower costs.

TBA sales are up for Unocal, too—west of the Mississippi, that is. Unocal eastern division TBA business is described as "flat" by a company marketing official. This simply reflects a divergence in marketing strategies, east and west, he says. The western division stresses the full-service concept built around the company's Protech image program. In the East, the emphasis is on diversified marketing, with convenience stores and volume gasoline operations included in the marketing mix. NPN

C-Store Briefs

C-Store Sales Up, Gasoline Gains Slow

The nation's convenience store industry rode the crest of the U.S. economic recovery last year, posting improved sales and profits, according to the latest State of the Industry report from the National Assn. of Convenience Stores.

The report, based on a survey of NACS member companies, showed 1984 sales for the nation's 57,300 C-stores at $47.5-billion, up 9.7% from 1983 sales of $43.3-billion. Gasoline sales, however, increased only 3.2% to $16.3-billion.

Reflecting a greater emphasis on return on investment, cost control and margins, total industry pre-tax profits crossed the $1-billion threshold for the first time. Last year, profits before taxes were at $1.4-billion, up from $954-million in 1983, the report states. Also, pre-tax profits per store increased a healthy 42% last year to $24,800 from $17,500 in 1983.

Employment in the C-store industry was up 5% over 1983 levels, the report stated. A total 386,000 people were employed in various capacities at the nation's C-stores.

	1984	1983
Sales Total	**$47.5-billion**	**$43.3-billion**
Non-gasoline	$31.2-billion	$27.5-billion
Gasoline	$16.3-billion	$15.8-billion
Sales per store (ex. gasoline)	$544,000	$506,000
Average monthly gallonage per store	42,000	43,000
Pre-tax profits		
Industry	$1,400-million	$954-million
Per store	$24,800	$17,500
Investment per new store		
Urban	$496,200	$450,900
Rural	$356,200	$342,200
Average square footage		
Urban	2,530	2,574
Rural	2,516	2,493

Gross margins per store also returned to "respectable" levels, the report noted. The average gross margin (figured as a percent of sales) rose to 32% in 1984 from 31.5% on non-gasoline sales, and to 6% from 5% on gasoline sales.

Gross sales at the average C-store, excluding gasoline, were $544,000 last year, up 7.5% from 1983.

The industry's focus on profitability was cited as a factor in the slowdown of overall growth in the industry. From the rapid growth days of the 1970s and early-1980s (net growth of 9.9% in 1980), the number of new stores opening in 1984 was up only 5.4% over 1983, the NACS report said. Average investment per new store last year stood at $496,200 for an urban

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site and $356,200 for a rural location—up 10.2% and 4.2% respectively.

The report also cites gasoline margins as being "unpredictable." Average gross margins in 1984 were 6.9¢ gal., up from 5.6¢ gal. the year before. The number of C-stores selling gasoline was about one-half of all C-stores, and the average monthly gallonage at C-stores dipped to 42,000 gallons from 43,000 gal./month in 1983. The report said the average number of hoses per store stood at five, the same as the year before, and that 48% of all stores had canopies.

Branded gasoline sales appeared to be on the rise last year, with 49% of stores selling branded gasoline, compared to 35% in 1983.

Regarding inside sales, tobacco held on to its first-place spot with 18.1% of non-gasoline sales, beer had 13.7% and soft drinks 11.3%.

The NACS study was based on the responses of 131 companies, about 50% of NACS membership. The companies that responded operate 20,535 C-stores across the country. NPN

Fuel Oil Briefs

Pres. Reagan Salutes Oil Heat Centennial

President Reagan, in a tribute to oil heat, said he believes much of the industrial progress of this century "could not have been possible" without it.

His message was one of the highlights of the New England Fuel Institute's centennial celebration in June [*NPN*—Aug. '85, p58].

The President said it gave him great pleasure to extend "warm greetings" to NEFI and the industry on the 100th anniversary of the first technically sound oil burner. Then he added:

"Much of the industrial progress of America in this century would not have been possible without the contributions of oil heat technology and the oil heat industry.

"It is remarkable that, while technological progress in energy during the past 100 years has undergone enormous change, your industry has remained a vital part of our nation's energy distribution system throughout the past century.

"This is due to the spirit and enterprise of the thousands of small businesses that have comprised it for generations. The oil heat industry is a fine example of the inventiveness and flexibility of American free enterprise. On this great occasion, I salute you and wish you another hundred years of progress and success benefitting all of your countrymen." NPN